

**NORA SPRINGS-ROCK FALLS
COMMUNITY SCHOOL DISTRICT**

INDEPENDENT AUDITOR'S REPORTS
FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2004

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NORA SPRINGS-ROCK FALLS COMMUNITY SCHOOL DISTRICT

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
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BOARD OF EDUCATION

(Before September, 2003 Election)

Gary Dockum	President	2004
Troy Frank	Vice President	2005
Donald Ohden		2003
Douglas Bell		2003
Nancy Lund		2005

(After September, 2003 Election)

Gary Dockum	President	2004
Troy Frank	Vice President	2005
Brad Shanks		2006
Lori Treloar		2006
Nancy Lund		2005

SCHOOL OFFICIALS

Todd Lettow	Superintendent
Janice Rippen	District Secretary/ Treasurer

Independent Auditor's Report

To The Board of Education of the
Nora Spring-Rock Falls Community School District:

We have audited the accompanying financial statements of the governmental activities, business type activities, each major fund and the aggregate remaining fund information of Nora Spring-Rock Falls Community School District, Conrad, Iowa, as of and for the year ended June 30, 2004, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of Nora Spring-Rock Falls Community School District as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

As discussed in Note 7 to the financial statements, during the year ended June 30, 2004, Nora Spring-Rock Falls Community School District adopted Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments; Statement No. 37, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments; Omnibus; Statement No. 38, Certain Financial Statement Note Disclosures; Statement No. 41, Budgetary Comparison Schedule - Perspective Differences; and Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.

In accordance with Government Auditing Standards, we have also issued our reports dated August 2, 2004 on our consideration of Nora Spring-Rock Falls Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Those reports are an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 11 and 33 through 35 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Nora Spring-Rock Falls Community School District's basic financial statements. We previously audited in accordance with the standards referred to in the second paragraph of this report. The financial statements for the three years ended June 30, 2003 (none of which are presented herein) and expressed unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 4, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information, has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

BRUCE D. FRINK
Certified Public Accountant

August 2, 2004

NORA SPRING-ROCK FALLS COMMUNITY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

Nora Spring-Rock Falls Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2004. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

Because the District is implementing new reporting standards for this fiscal year with significant changes in content and structure, much of the information is not easily comparable to prior years. However, in future years, comparisons will be more meaningful and will go further in explaining the District's financial position and results of operations.

2004 FINANCIAL HIGHLIGHTS

- General Fund revenues decreased from \$3,416,581 in fiscal 2003 to \$3,396,118 in fiscal 2004, while General Fund expenditures increased from \$3,279,565 in fiscal year 2003 to \$3,337,731 in fiscal 2004. The District's General Fund balance increased from \$176,228 in fiscal 2003 to \$238,043 in fiscal 2004, a 35% increase.
- The District received \$39,922 in a federal Small Rural Schools Achievement Grant as part of the Rural Education Achievement Program.
- The District's Certified Enrollment dropped slightly from 434.0 students in September 2002 to 427.1 students in September 2003, however, the number of students served increased by 3.1 due to an increase in students open enrolling into the district.
- The State eliminated Phase III Educational Excellence categorical funds, which the District had previously used to provide staff development.
- Expenses increased two percent from FY2003 to FY2004. Although payroll increased due to pay raises. This was partially offset by careful monitoring of discretionary spending.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: management's discussion and analysis (this section), the general purpose financial statements and required supplementary information.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

Figure A-1
Nora Springs-Rock Falls Community School District

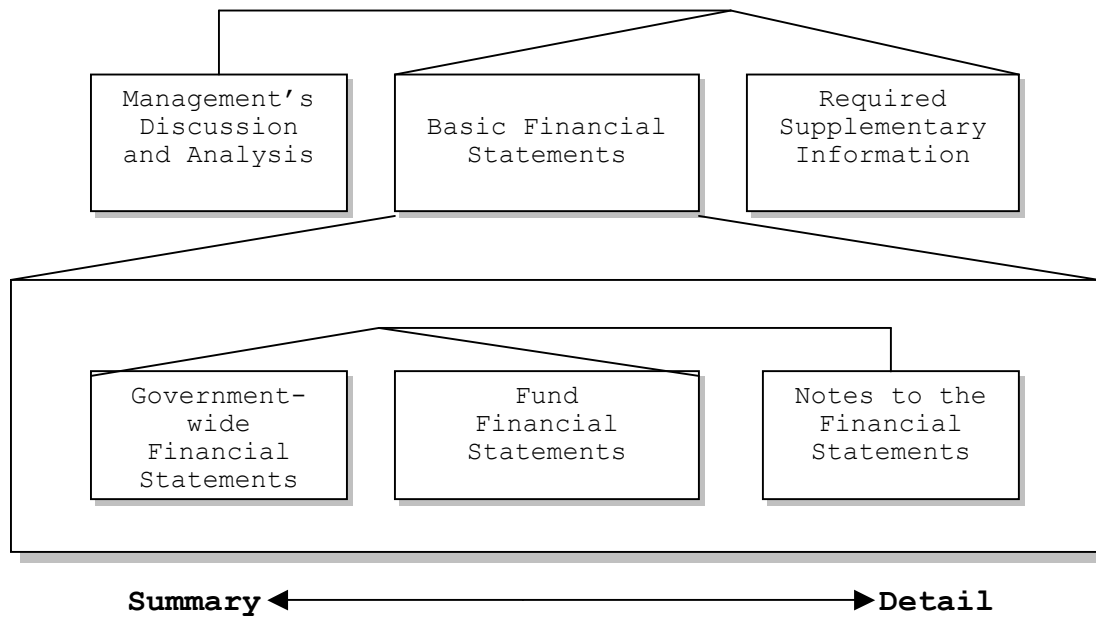


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain the remainder of this overview section of the management discussion and analysis highlights the structure and contents of each of the statements.

Figure A-2

Major Features of the Government-Wide and Fund Financial Statements

	Government-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary, such as special education and building maintenance	Activities the district operates similar to private businesses, such as food service	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
Required financial statements	. Statement of net assets . Statement of activities	. Balance sheet . Statement of revenues, expenditures, and changes in fund balances	. Statement of net assets . Statement of revenues, expenses and changes in net assets . Statement of cash flows	. Statement of fiduciary net assets . Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The Government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two Government-wide financial statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the Government-wide financial statements, the District's activities are divided into two categories:

- **Governmental activities:** Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid, finance most of these activities.
- **Business-type activities:** The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds or to show that it is properly using certain revenues such as federal grants.

The District has three kinds of funds:

- 1) **Governmental funds:** Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Capital Projects and Debt Service Fund. Most of the District's basic services are included here, such as regular education, special education, building and grounds maintenance, transportation, and administration. Most of these activities are funded with property taxes and state aid finance.

- 2) **Proprietary funds:** Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Funds, one type of proprietary fund, are the same as its business-type activities but provide more detail and additional information, such as cash flows. The District currently has two Enterprise Funds, the School Nutrition Fund and Child Care Fund.

3) *Fiduciary funds*: The District is the trustee, or fiduciary, for assets that belong to others. These funds include Private-Purpose Trusts.

- Private-Purpose Trust Fund - The District accounts for outside donations for scholarships for individual students in this fund.

The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets for the year ended June 30, 2004 compared to June 30, 2003.

Figure A-3
Condensed Statement of Net Assets
(expressed in thousands)

	Governmental		Business-type		Total		Percentage
	Activities		Activities		School District		Change
	2004	2003	2004	2003	2004	2003	2003-04
	\$	\$	\$	\$	\$	\$	
Current assets	2,828	2,969	190	6	3,018	2,975	1.45%
Capital assets	2,404	2,577	133	2	2,537	2,579	-1.63%
Total assets	5,232	5,546	323	8	5,555	5,554	0.02%
Current liabilities	2,594	2,719	24	6	2,618	2,725	-3.93%
Non-current liabilities	685	945	-	-	685	945	-27.51%
Total liabilities	3,279	3,664	24	6	3,303	3,670	-10.00%
Net Assets							
Invested in capital assets, net of related debt	1,604	1,632	133	2	1,737	1,634	6.30%
Restricted	97	50	-	-	97	50	94.00%
Unrestricted	252	200	166	-	418	200	109.00%
Total net assets	1,953	1,882	299	2	2,252	1,884	19.53%

Fiscal year 2003-2004 marks the initial District implementation of the GASB-34 financial reporting model. As a result, complete prior year comparisons are not available but will be provided in all subsequent years.

Figure A-4 shows the changes in net assets for the year ended June 30, 2004.

Figure A-4
Change in Net Assets
(expressed in thousands)

	Governmental Activities	Business-type Activities	Total School District
	\$	\$	\$
Revenues:			
Program revenues:			
Charges for service and sales	362	75	437
Operating grants, contributions and restricted interest	473	67	540
General revenues:			
Property tax	1,484	-	1,484
Local option sales tax	196	-	196
Unrestricted state grants	1,410	-	1,410
Unrestricted investment earnings	2	-	2
Other	17	-	138
Total revenues	<u>3,944</u>	<u>142</u>	<u>4,086</u>
Program expenses:			
Governmental activities:			
Instruction	2,393	-	2,393
Support Services	969	-	969
Non-instructional programs	-	144	144
Other expenses	508	-	508
Total expenses	<u>3,870</u>	<u>144</u>	<u>4,014</u>
Change in net assets	<u>74</u>	<u>(2)</u>	<u>72</u>

Property tax and unrestricted state grants account for 71% of the total revenue. The District's expenses primarily related to instruction and support services, which account for 84% of the total expenses.

GOVERNMENTAL ACTIVITIES

Revenues for governmental activities were \$3,940,623 and expenses were \$3,842,414.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services and other expenses.

	Total Cost of Services	Net Cost of Services
	\$	\$
Instruction	2,392	1,695
Support Services	969	962
Other expenses	<u>508</u>	<u>379</u>
Totals	<u>3,869</u>	<u>3,036</u>

- The cost financed by users of the District's programs was \$361,564.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$398,082.
- The net cost of governmental activities was financed with \$1,484,185 in property tax, \$1,409,831 in state foundation aid, and \$2,255 in interest income.

PROPRIETARY-TYPE FUNDS

Revenues for the District's School Nutrition Fund were \$137,789 and expenses were \$137,874. The revenues include charges for services, contributions, and federal and state reimbursements. A Child Care program was started during Fiscal Year 2003. It is hoped to be an additional attraction to showcase the District.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The Nora Spring-Rock Falls Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the fiscal year, its governmental funds reported a combined fund balance of \$1,953,031, a 4 percent increase over last year's ending fund balance of \$1,878,952.

GOVERNMENTAL FUND HIGHLIGHTS

Several factors contributed to the small increase of the fund balance in the District's governmental funds. Some of these factors were unexpected; some were deliberately planned.

- An increase in open enrollment tuition received not anticipated.
- An across-the-board cut by the Governor in state aid reduced revenues in the General Fund by over \$30,000.
- Funding from Local Option Sales Tax accounted for over \$195,000 of additional funds during fiscal Year 2004. Expenses from this fund were primarily for remodeling and large equipment purchases such as air conditioners and clock system.

PROPRIETARY FUND HIGHLIGHTS

School Nutrition Fund net assets held steady. The new Child Care program has been instituted and will hopefully prove an asset to the District.

BUDGETARY HIGHLIGHTS

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds. Although the budget document presents functional area expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures.

It is the District's practice, as is in most Iowa school district, to budget expenditures at or about the maximum authorized spending. As a result, the District's certified budget should always exceed the actual expenditures for the year.

CAPITAL ASSETS

The District has invested more than \$5 million by the end of fiscal year 2004 in a broad range of capital assets, including school buildings, athletic facilities, kitchen, computers and audio-visual equipment, maintenance equipment, school buses and other vehicles, library holdings, and textbooks. Total depreciation expenses for the year exceeded \$170,000.

LONG-TERM DEBT

The District had \$800,000 in general obligation, revenue and other long-term debt outstanding. This represents a decrease of \$145,000 from the previous year.

The District had total outstanding bonded indebtedness on June 30, 2004, of \$765,000. The principal and interest on the bonds will be paid in full by June 1, 2012. The District makes principal and interest payments annually on these bonds using property tax dollars obtained through a debt service levy specifically for these bonds.

The District's Capital Loan Notes will be fully paid off in fiscal Year 2005.

FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of existing circumstances that could significantly affect its financial health in the future:

- The voters of all three counties approved a ten-year School Infrastructure Local Option sales tax, which will provide funds for property tax reduction and school infrastructure projects affecting the Physical Plant and Equipment Levy Fund, Capital Projects, and Debt Service Funds of the District. This will allow improvement of facilities and equipment without raising property taxes.
- To offset the impact of declining enrollment, the State has provided a budget guarantee provision for districts. This budget guarantee provision is being phased out over a 10 year period. The District will have to continue to carefully monitor its spending in order to maintain adequate funding and programs.
- The District will continue to be required to comply with unfunded and under funded mandates from the federal and state governments such as the federal No Child Left Behind Act and the state Student Achievement and Teacher Quality Initiative. This will require the District to find ways to provide services in the areas of assessment and professional development, which will divert funds from other student service areas.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Todd Lettow, Superintendent, Nora Springs-Rock Falls Community School District, 509 N Iowa, Nora Springs, IA 50458.

Basic Financial Statements

NORA SPRINGS-ROCK FALLS COMMUNITY SCHOOL DISTRICT

Statement of Net Assets

June 30, 2004

	Governmental Activities	Business-Type Activities	Total
	\$	\$	\$
Assets			
Cash and pooled investments	645,015	275	645,290
Receivables:			
Property tax			
Current year	18,980	-	18,980
Succeeding year	1,723,351	-	1,723,351
Due from other governments	45,607	-	45,607
Other receivables	281	-	281
Interfund receivables	1,877	-	1,877
Inventories	-	4,956	4,956
Restricted assets (note 9):			
ISCAP investments	391,129	-	391,129
ISCAP accrued interest receivable	1,232	-	1,232
Capital assets, net of accumulated depreciation (note 3)	2,404,132	1,523	2,405,655
Total assets	5,231,604	6,754	5,238,358
Liabilities:			
Accounts payable	57,300	-	57,300
Accrued salary and benefits	300,482	4,616	305,098
Accrued interest payable	3,487	-	3,487
Interfund payable	-	1,877	1,877
ISCAP warrants payable (note 9)	391,000	-	391,000
ISCAP accrued interest payable (note 9)	2,953	-	2,953
Deferred revenue:			
Succeeding year property tax	1,723,351	-	1,723,351
Long term liabilities:			
Portion due within one year:			
Bonds payable	80,000	-	80,000
Capital loan notes	35,000	-	35,000
Portion due after one year:			
Bonds payable	685,000	-	685,000
Total liabilities	3,278,573	6,493	3,285,066
Net assets:			
Invested in capital assets, net of related debt	1,604,132	1,523	1,605,655
Restricted for:			
Management levy	42,181	-	42,181
Physical plant and equipment levy	4,619	-	4,619
Debt service	9,923	-	9,923
Capital projects	40,499	-	40,499
Unrestricted	251,677	(1,262)	250,415
Total net assets	1,953,031	261	1,953,292

See notes to financial statements.

NORA SPRINGS-ROCK FALLS COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2004

	Program Revenues					
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Governmental Activities	Business-Type Activities	Total
	\$	\$	\$	\$	\$	\$
Functions/Programs						
Governmental activities:						
Instruction:						
Regular instruction	1,647,825	314,941	192,071	(1,140,813)	-	(1,140,813)
Special instruction	467,312	45,088	73,724	(348,500)	-	(348,500)
Other instruction	277,320	-	71,701	(205,619)	-	(205,619)
	<u>2,392,457</u>	<u>360,029</u>	<u>337,496</u>	<u>(1,694,932)</u>	<u>-</u>	<u>(1,694,932)</u>
Support services:						
Student services	100,672	-	2,037	(98,635)	-	(98,635)
Instructional staff services	18,495	-	-	(18,495)	-	(18,495)
Administration services	403,226	1,250	-	(401,976)	-	(401,976)
Operation and maintenance of plant services	284,041	-	671	(283,370)	-	(283,370)
Transportation services	162,969	285	3,367	(159,317)	-	(159,317)
	<u>969,403</u>	<u>1,535</u>	<u>6,075</u>	<u>(961,793)</u>	<u>-</u>	<u>(961,793)</u>
Other expenditures:						
Facilities acquisition and construction	186,859	-	3,637	(183,222)	-	(183,222)
Long-term debt interest	48,433	-	256	(48,177)	-	(48,177)
Long-term debt services	300	-	-	(300)	-	(300)
AEA flowthrough	125,753	-	125,753	-	-	-
Depreciation (unallocated)*	146,824	-	-	(146,824)	-	(146,824)
	<u>508,169</u>	<u>-</u>	<u>129,646</u>	<u>(378,523)</u>	<u>-</u>	<u>(378,523)</u>
Total governmental activities	3,870,029	361,564	473,217	(3,035,248)	-	(3,035,248)

NORA SPRINGS-ROCK FALLS COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2004

	Program Revenues					
		Charges for	Operating Grants, Contributions and Restricted Interest	Governmental Activities	Business-Type Activities	Total
	Expenses	Service				
	\$	\$	\$	\$	\$	\$
Business-Type activities:						
Non-instructional programs						
Nutrition services	137,874	70,639	67,150	-	(85)	(85)
Community education	6,411	4,534	-	-	(1,877)	(1,877)
Total	4,014,314	436,737	540,367	(3,035,248)	(1,962)	(3,037,210)
General revenues:						
Property tax levied for:						
General purposes				1,210,505	-	1,210,505
Management fund				59,400	-	59,400
Debt service				118,813	-	118,813
Capital outlay				95,467	-	95,467
Local option sales taxes				195,894	-	195,894
Unrestricted state grants				1,409,831	-	1,409,831
Unrestricted investment earnings				2,255	-	2,255
Other				17,162	-	17,162
Total general revenue				3,109,327	-	3,109,327
Change in net assets				74,079	(1,962)	72,117
Net assets beginning of year				1,878,952	2,223	1,881,175
Net assets end of year				1,953,031	261	1,953,292

* This amount excludes the depreciation that is included in the direct expense of the various programs.

See notes to financial statements.

NORA SPRINGS-ROCK FALLS COMMUNITY SCHOOL DISTRICT

Balance Sheet

Governmental Funds

June 30, 2004

	General	Debt Service	Capital Projects	Non-major	Total
	\$	\$	\$	\$	\$
Assets					
Cash and pooled investments	518,503	8,470	56,053	61,989	645,015
Receivables:					
Property tax:					
Current year	15,595	1,453	-	1,932	18,980
Succeeding year	1,143,791	120,000	-	459,560	1,723,351
Due from other governments	16,681	-	28,926	-	45,607
Other receivables	281	-	-	-	281
Interfund receivable	1,877	-	-	-	1,877
Restricted assets (note 9):					
ISCAP investments	391,129	-	-	-	391,129
ISCAP accrued interest receivable	1,232	-	-	-	1,232
Total assets	<u>2,089,089</u>	<u>129,923</u>	<u>84,979</u>	<u>523,481</u>	<u>2,827,472</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	12,820	-	44,480	-	57,300
Accrued salary and benefits	300,482	-	-	-	300,482
ISCAP warrants payable (note 9)	391,000	-	-	-	391,000
ISCAP accrued interest payable (note 9)	2,953	-	-	-	2,953
Deferred revenue:					
Succeeding year property tax	1,143,791	120,000	-	459,560	1,723,351
Total liabilities	<u>1,851,046</u>	<u>120,000</u>	<u>44,480</u>	<u>459,560</u>	<u>2,475,086</u>
Fund balances:					
Reserved for debt service	-	9,923	-	-	9,923
Reserved for capital projects	-	-	40,499	-	40,499
Unreserved, undesignated	238,043	-	-	63,921	301,964
Total fund equity and other credits	<u>238,043</u>	<u>9,923</u>	<u>40,499</u>	<u>63,921</u>	<u>352,386</u>
Total liabilities and fund balances	<u>2,089,089</u>	<u>129,923</u>	<u>84,979</u>	<u>523,481</u>	<u>2,827,472</u>

See notes to financial statements.

NORA SPRINGS-ROCK FALLS COMMUNITY SCHOOL DISTRICT

Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Assets

June 30, 2004

Total fund balances of governmental funds (Exhibit C)	\$ 352,386
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	2,404,132
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(3,487)
Long-term liabilities, including bonds payable and capital loan notes payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(800,000)</u>
Net assets of governmental activities (Exhibit A)	<u>\$ 1,953,031</u>

See notes to financial statements.

NORA SPRINGS-ROCK FALLS COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Fund Types

Year ended June 30, 2004

	General	Debt Service	Capital Projects	Non-major Special Revenue	Total
	\$	\$	\$	\$	\$
Revenues:					
Local sources:					
Local tax	1,210,505	118,813	195,894	154,867	1,680,079
Tuition	346,221	-	-	-	346,221
Other	31,725	150	150	74,385	106,410
State sources	1,689,722	106	-	140	1,689,968
Federal sources	117,945	-	-	-	117,945
Total revenues	<u>3,396,118</u>	<u>119,069</u>	<u>196,044</u>	<u>229,392</u>	<u>3,940,623</u>
Expenditures:					
Instruction:					
Regular instruction	1,647,825	-	-	-	1,647,825
Special instruction	467,312	-	-	-	467,312
Other instruction	199,111	-	-	78,209	277,320
	<u>2,314,248</u>	<u>-</u>	<u>-</u>	<u>78,209</u>	<u>2,392,457</u>
Support services:					
Student services	100,672	-	-	-	100,672
Instructional staff services	18,090	-	-	405	18,495
Administration services	403,226	-	-	-	403,226
Operation and maintenance of plant services	239,156	-	-	44,885	284,041
Transportation services	136,586	-	-	-	136,586
	<u>897,730</u>	<u>-</u>	<u>-</u>	<u>45,290</u>	<u>943,020</u>
Other expenditures:					
Facilities acquisition and construction	-	-	155,545	31,314	186,859
Long-term debt:					
Principal	-	145,000	-	-	145,000
Interest	-	49,025	-	-	49,025
Services	-	300	-	-	300
AEA flowthrough	125,753	-	-	-	125,753
	<u>125,753</u>	<u>194,325</u>	<u>155,545</u>	<u>31,314</u>	<u>506,937</u>
Total expenditures	<u>3,337,731</u>	<u>194,325</u>	<u>155,545</u>	<u>154,813</u>	<u>3,842,414</u>

NORA SPRINGS-ROCK FALLS COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Fund Types

Year ended June 30, 2004

	General	Debt Service	Capital Projects	Non-major Special Revenue	Total
	\$	\$	\$	\$	\$
Excess (deficiency) of revenues over (under) expenditures	58,387	(75,256)	40,499	74,579	98,209
Other financing sources (uses):					
Sale of equipment and materials	3,428	-	-	-	3,428
Operating transfers in	-	74,332	-	-	74,332
Operating transfers out	-	-	-	(74,275)	(74,275)
	3,428	74,332	-	(74,275)	3,485
Excess (deficiency) of revenues and other financing sources over (under) expenditures	61,815	(924)	40,499	304	101,694
Fund balances beginning of year	176,228	10,847	-	63,617	250,692
Fund balances end of year	238,043	9,923	40,499	63,921	352,386

See notes to financial statements.

NORA SPRINGS-ROCK FALLS COMMUNITY SCHOOL DISTRICT

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
to the Statement of Activities

Year ended June 30, 2004

Net change in fund balances - total governmental funds (Exhibit E) \$ 101,694

**Amounts reported for governmental activities in the
statement of activities are different because:**

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Capital outlays	
Depreciation expense	(173,207)

Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities.	145,000
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Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.	<u>592</u>
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Change in net assets of governmental activities (Exhibit B)	<u><u>\$ 74,079</u></u>
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NORA SPRINGS-ROCK FALLS COMMUNITY SCHOOL DISTRICT

Combining Statement of Net Assets

Proprietary Funds

Year ended June 30, 2004

	School Nutrition	Child Care	Total
	\$	\$	
Assets			
Cash and pooled investments	275	-	275
Inventories	4,956	-	4,956
Capital assets, net of accumulated depreciation	1,523	-	1,523
Total assets	<u>6,754</u>	<u>-</u>	<u>6,754</u>
Liabilities			
Interfund payable	-	1,877	1,877
Accrued salary and benefits	4,616	-	4,616
Total liabilities	<u>4,616</u>	<u>1,877</u>	<u>6,493</u>
Net assets			
Invested in capital assets, net of related debt	1,523	-	1,523
Unrestricted	615	(1,877)	(1,262)
Total net assets	<u>2,138</u>	<u>(1,877)</u>	<u>261</u>

See notes to financial statements.

NORA SPRINGS-ROCK FALLS COMMUNITY SCHOOL DISTRICT

Combining Statement of Revenues, Expenses and Changes in Net Assets

Proprietary Funds

Year ended June 30, 2004

	School Nutrition	Child Care	Total
	\$		
Operating revenue:			
Local sources:			
Charges for services	70,639	4,534	75,173
Operating expenses:			
Non-instructional programs:			
Food service operations:			
Salaries	43,050	-	43,050
Benefits	10,849	-	10,849
Services	984	-	984
Supplies	78,702	-	78,702
Property	4,092	-	4,092
Depreciation	197	-	197
	137,874	-	137,874
Other enterprise operations:			
Salaries	-	4,573	4,573
Benefits	-	1,838	1,838
	-	6,411	6,411
Total operating expenses	137,874	6,411	144,285
Operating (loss)	(67,235)	(1,877)	(69,112)
Non-operating revenues:			
Interest on investments	26	-	26
State sources	2,408	-	2,408
Federal sources	64,716	-	64,716
	67,150	-	67,150
Change in net assets	(85)	(1,877)	(1,962)
Net assets beginning of year	2,223	-	2,223
Net assets end of year	2,138	(1,877)	261

See notes to financial statements.

NORA SPRINGS-ROCK FALLS COMMUNITY SCHOOL DISTRICT

Combining Statement of Cash Flows

Proprietary Fund

Year ended June 30, 2004

	School Nutrition	Child Care	Total
	\$	\$	\$
Cash flows from operating activities:			
Cash received from sale of services	70,639	4,534	75,173
Cash payments to employees for services	(54,792)	(6,411)	(61,203)
Cash payments to suppliers for goods or services	(71,825)	-	(71,825)
Net cash provided by (used in) operating activities	(55,978)	(1,877)	(57,855)
Cash flows from non-capital financing activities:			
State grants received	2,408	-	2,408
Federal grants received	50,445	-	50,445
Net cash provided by non-capital financing activities	52,853	-	52,853
Cash flows from investing activities:			
Interest on investments	26	-	26
Net increase (decrease) in cash and cash equivalents	(3,099)	(1,877)	(4,976)
Cash and cash equivalents beginning of year	3,374	-	3,374
Cash and cash equivalents end of year	275	(1,877)	(1,602)
Reconciliation of operating income (loss) to net cash used in operating activities:			
Operating income (loss)	(67,235)	(1,877)	(69,112)
Adjustments to reconcile operating profit (loss) to net cash provided by (used in) operating activities:			
Depreciation	197	-	197
Commodities used	14,271	-	14,271
(Increase) in inventory	(2,318)	-	(2,318)
(Decrease) in accrued payroll and benefits	(893)	-	(893)
	(55,978)	(1,877)	(57,855)
Reconciliation of cash and cash equivalents at year end to specific assets included on Combined Balance Sheet:			
Current assets:			
Cash	275	(1,877)	(1,602)

Non-cash investing, capital and financing activities:

During the year ended June 30, 2004, the District received federal commodities valued at \$14,271.

See notes to financial statements.

NORA SPRINGS-ROCK FALLS COMMUNITY SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Assets

Fiduciary Funds

Year ended June 30, 2004

	Private Purpose Trusts
	Scholarships
	\$
Additions:	
Local sources:	
Miscellaneous	2,500
Total additions	2,500
Deductions:	
Support services:	
Scholarships	2,500
Total deductions	2,500
Change in net assets	-
Net assets beginning of year	-
Net assets end of year	-

See notes to financial statements.

NORA SPRINGS-ROCK FALLS COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2004

(1) Summary of Significant Accounting Policies

The Nora Springs-Rock Falls Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. Additionally, the District either operates or sponsors summer recreational activities. The geographic area served includes the Cities of Nora Springs and Rock Falls, Iowa, and agricultural area in Cerro Gordo, Mitchell and Floyd Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Nora Springs-Rock Falls Community School District has included all funds, organizations, account groups, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the District. The Nora Springs-Rock Falls Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Floyd and Cerro Gordo Counties Assessor Conference Boards.

B. Basis of Presentation

Government-wide financial statements - The Statements of Net Assets and the Statement of Activities report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other non-major governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenses, including instructional, support and other costs.

The Debt Service Fund is used to account for the payment of interest and principal on the District's long-term debt.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

The District reports the following major proprietary fund:

The District's largest proprietary fund is the Enterprise, School Nutrition Fund. This fund is used to account for the food service operations of the District. The District also maintains a Child Care Fund.

The District also reports fiduciary funds which focus on net assets and changes in net assets. The District's fiduciary fund include the following:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements which require income earned to be used for scholarship payments.

C. Measurement Focus and Basis of Accounting

The Government-wide financial statements and the proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected with 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financial sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

The proprietary fund of the District applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary funds' principal ongoing operations. The principal operating revenues of the District's enterprise fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sale and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statement of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

Cash, Pooled Investments and Cash Equivalents - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, they have a maturity date no longer than three months.

Property Tax Receivable - Property tax in Governmental Funds are accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking the budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the Government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2002 assessed property valuations; is for the tax accrual period July 1, 2003 through June 30, 2004 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2003.

Due From Other Governments - Due from other governments represents amounts due from the State of Iowa and grants from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and contributed value for government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets - Capital assets, which include property, furniture, and equipment, are reported in the applicable governmental or business-type activities columns in the Government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Land	\$ 1,000
Buildings	10,000
Improvements other than buildings	10,000
Furniture and equipment:	
School Nutrition Fund equipment	10,000
Other furniture and equipment	10,000

Capital assets are depreciated using the straight line method of depreciation over the following estimated useful lives:

Buildings	50 years
Improvements other than buildings	20-50 years
Furniture and equipment	5-15 years

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collectible within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivables and other receivables not collected within sixty days after year end.

Deferred revenue on the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Compensated Absences - District employees accumulated a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the Government-wide financial statements. A liability for these amounts is reported in governmental funds only for employees that have resigned or retired. The compensated absences liability is deemed to be immaterial at June 30, 2004.

Fund Equity - In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Restricted Net Assets - In the Government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

E. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

(2) Cash and Pooled Investments

The District's deposits in banks at June 30, 2004 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The District had investments in the Iowa Schools Joint Investment Trust which are valued at an amortized cost of \$456,276 pursuant to Rule 2a-7 under the Investment Company Act of 1940. Governmental Accounting Standards Board Statement No. 3 requires investments to be categorized to give an indication of the level of risk assumed by the District at year end. The District's investment in the Iowa Schools Joint Investment Trust is not subject to risk categorization.

(3) Capital Assets

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
	\$	\$	\$	\$
Governmental activities:				
Capital assets not being depreciated:				
Land	<u>38,075</u>	<u>-</u>	<u>-</u>	<u>38,075</u>
Capital assets being depreciated:				
Improvements other than buildings	372,904	-	-	372,904
Buildings	3,302,561	-	-	3,302,561
Furniture and Equipment	<u>1,300,457</u>	<u>-</u>	<u>-</u>	<u>1,300,457</u>
Total capital assets being depreciated	<u>4,975,922</u>	<u>-</u>	<u>-</u>	<u>4,975,922</u>
Less accumulated depreciation for:				
Improvements other than buildings	281,417	11,826	-	293,243
Buildings	1,158,265	66,679	-	1,224,944
Furniture and Equipment	<u>996,976</u>	<u>94,702</u>	<u>-</u>	<u>1,091,678</u>
Total accumulated depreciation	<u>2,436,658</u>	<u>173,207</u>	<u>-</u>	<u>2,609,865</u>
Total capital assets being depreciated, net	<u>2,539,264</u>	<u>(173,207)</u>	<u>-</u>	<u>2,366,057</u>
Governmental activities, capital assets, net	<u>2,577,339</u>	<u>(173,207)</u>	<u>-</u>	<u>2,404,132</u>
Business type activities				
Furniture and Equipment	9,657	-	-	9,657
Less accumulated depreciation	<u>7,937</u>	<u>197</u>	<u>-</u>	<u>8,134</u>
Business type activities capital assets, net	<u>1,720</u>	<u>(197)</u>	<u>-</u>	<u>1,523</u>
Depreciation expense was charged to the following functions:				
Governmental activities:				
Student transportation				26,383
Unallocated				<u>146,824</u>
				<u>173,207</u>
Business type activities:				
Food service operations				<u>197</u>

(4) Bonds Payable

Details of the District's June 30, 2004 general obligation bonded indebtedness are as follows:

<u>Year Ending June 30,</u>	<u>Interest Rate %</u>	<u>Principal \$</u>	<u>Interest \$</u>	<u>Total \$</u>
2005	5.10	80,000	41,000	121,000
2006	5.20	85,000	36,920	121,920
2007	5.25	90,000	32,500	122,500
2008	5.30	90,000	27,775	117,775
2009	5.40	95,000	23,005	118,005
2010	5.50	100,000	17,875	117,875
2011	5.50	110,000	12,375	122,375
2012	5.50	<u>115,000</u>	<u>6,325</u>	<u>121,325</u>
Total		<u>765,000</u>	<u>197,775</u>	<u>762,775</u>

(5) Changes in Long-Term Debt

A summary of changes in long-term debt for the year ended June 30, 2004 is as follows:

	<u>General Obligation Bonds</u>	<u>Capital Loan Notes</u>	<u>Total</u>
Balance beginning of year	840,000	105,000	945,000
Additions	-	-	-
Reductions	<u>75,000</u>	<u>70,000</u>	<u>145,000</u>
Balance end of year	<u>\$765,000</u>	<u>35,000</u>	<u>800,000</u>

(6) Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, PO Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.70% of their annual salary and the District is required to contribute 5.75% of annual payroll. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2004, 2003 and 2002 were \$121,828, \$117,751, and \$118,733 respectively, equal to the required contributions for each year.

(7) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$125,753 for year ended June 30, 2004 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

(8) Early Retirement

The District offers a voluntary early retirement plan to its employees. Eligible employees must be at least 55 years but not more than 63 years of age and must have completed at least 15 years of service to the District. Employees must complete an application which is required to be approved by the Board of Education. The early retirement incentive for each eligible employee consists of three parts. One, 100% of the difference between their current Salary Schedule A and the salary for B.A. step 3. Eligible support staff and administrators will receive 30% of their current contract rate. Two, \$100 for each year of service to the District over 15 years. Three, A wellness incentive of 10% of Item One if the employee has accumulated the maximum number of sick leave days at time of early retirement. The District paid \$5,687 in early retirement benefits during the year ended June 30, 2004.

(9) Iowa School Cash Anticipation Program (ISCAP)

The District participates in the Iowa Schools Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards, administered by Norwest Bank Iowa, N.A., and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semi-annual issuance of anticipatory warrants, which mature as noted below. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semi-annual period. Norwest maintains ISCAP for each participating entity and provides monthly statements regarding their cash balance, interest earnings, and amounts available for withdrawal for each outstanding series of warrants. These accounts are reflected as restricted assets on the balance sheet. A summary of the District's participation in ISCAP as of June 30, 2004, is as follows:

<u>Series</u>	<u>Warrant Date</u>	<u>Final Warrant Maturity</u>	<u>Investment</u>	<u>Accrued Interest Receivable</u>	<u>Warrants Payable</u>	<u>Accrued Interest Payable</u>
2003-04A	6/20/03	6/18/04	\$ -	-	-	-
2003-04B	1/30/04	1/28/05	226,532	1,232	225,000	2,953
2003-04A	6/30/04	6/30/05	164,597	-	166,000	-
Total			<u>\$391,129</u>	<u>1,232</u>	<u>391,000</u>	<u>2,953</u>

The District pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayments must be made when General Fund receipts are received. If a balance is outstanding on the last date the funds are available to be drawn, then the District must repay the outstanding withdrawal from its General Fund receipts, and must make minimum warrant repayments on the 25th of each month immediately following the final date that the warrant proceeds may be used in an amount equal to 25% of the warrant amount. There was no ISCAP advance activity in the General Fund for the year ended June 30, 2004.

The warrants bear an interest rate and the proceeds of the warrants are invested at an interest rate as shown below:

<u>Series</u>	<u>Interest Rates on Warrants</u>	<u>Interest Rates on Investments</u>
2003-04A	2.00%	1.050%
2003-04B	2.00%	1.310%
2004-05A	3.00%	2.463%

The net interest earned or due from the series is recorded as a revenue or a expenditure at maturity.

(10) Capital Loan Notes

During the year ended June 30, 2004, the District issued \$200,000 of Capital Loan Notes for the construction of a new bus barn the interest rate on all notes is 4.80%. Payments will be made from the District's Physical Plant and Equipment Levy. Details of the June 30, 2004 indebtedness is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	<u>\$35,000</u>	<u>840</u>	<u>35,840</u>

(11) Risk Management

Nora Springs-Rock Falls Community School District is a member in the Iowa School Employees Benefits Association, an Iowa Code Chapter 28E organization. The Iowa School Employees Benefits Association (ISEBA) is a local government risk-sharing pool whose members include various schools throughout the State of Iowa. ISEBA was formed July 1999 for the purpose of managing and funding employee benefits. ISEBA provides coverage and protection in the following categories: medical, dental, vision and prescription drugs.

Each member's contributions to ISEBA funds current operations and provided capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, ISEBA's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital.

The District's contributions to the risk pool are recorded as expenditures from its General Fund at the time of payment to the risk pool. District contributions to ISEBA for the year ended June 30, 2004 were \$270,661.

Payments from participating members are the sole source for paying claims and establishing reserves for the ISEBA self-funded programs. Stop loss insurance is purchased by ISEBA to protect against large claims but the potential exists for claims to exceed the premium payments made by members into the program. In the event that claims exceed premiums and reserves, an assessment may be necessary to pay claims and replenish reserves in the program.

The District does not report a liability for losses in excess of stop loss insurance unless it is deemed probable that such losses have occurred and the amount of such a loss can be reasonably estimated. Accordingly, at June 30, 2004, no liability has been recorded in the District's financial statements. As of June 30, 2004, settled claims have not exceeded the risk pool or reinsurance company coverage.

Members agree to continue membership in the pool for a period of not less than one full year. After such period, a member who has given 30 days prior written notice may withdraw. ISEBA will pay claims incurred before the termination date.

Nora Springs-Rock Falls Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(12) Accounting Change

Governmental Accounting Standards Board (GASB) Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements was implemented during the year ended June 30, 2004. The interpretation modifies when compensated absence and early retirement liabilities are recorded under the modified accrual basis of accounting.

Governmental Accounting Standards Board (GASB) Statement Number 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, Statement Number 37, Basic Financial Statements and Management's Discussion and Analysis - for State and Local Governments; Omnibus, were implemented during the year ended June 30, 2004. The statements create new basic financial statements for reporting the District's financial activities. The financial statements now include Government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

Governmental Accounting Standards Board (GASB) Statement Number 38, Certain Financial Statement Note Disclosure, requires certain disclosures be made in the notes to the financial statements concurrent with the implementation of Statement Number 34.

The Government-wide financial statements split the District's programs between business-type and governmental activities. The beginning net asset amount for governmental activities has been restated to include capital assets, long-term liabilities and the changes in assets and liabilities at July 1, 2003 caused by the conversion to the accrual basis of accounting.

	Fund				Total
	General	Debt Service	Capital Projects	Non-major Special Revenue	
Net assets, June 30, 2003, as previously reported	\$176,228	10,847	-	63,617	250,692
GASB Interpretation 6 adjustments	-	-	-	-	-
Net assets, July 1, 2003, as restated for governmental funds	<u>\$176,228</u>	<u>10,847</u>	<u>-</u>	<u>63,617</u>	250,692
GASB 34 adjustments:					
Capital assets, net of accumulated depreciation of \$2,436,658					2,577,339
Accrued interest on long-term debt					(4,079)
Long-Term Liabilities:					
General obligation bonds				(840,000)	-
Capital loan notes				<u>(105,000)</u>	<u>(945,000)</u>
Net assets, July 1, 2003, as restated					<u>\$1,878,952</u>

Required Supplementary Information

NORA SPRINGS-ROCK FALLS COMMUNITY SCHOOL DISTRICT

Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances -
Budget and Actual (Cash Basis) - All Governmental Funds and Proprietary Fund

Required Supplementary Information

Year ended June 30, 2004

	Governmental Fund Types	Proprietary Fund Type	Total	Budgeted Amounts		Final to Actual Variance - Positive (Negative)
	Actual	Actual	Actual	Original	Final	
	\$	\$	\$	\$	\$	\$
Receipts:						
Local sources	2,109,605	75,199	2,184,804	2,133,859	2,133,859	50,945
State sources	1,689,968	2,408	1,692,376	1,751,798	1,751,798	(59,422)
Federal sources	117,945	50,445	168,390	160,000	160,000	8,390
Total receipts	3,917,518	128,052	4,045,570	4,045,657	4,045,657	(87)
Disbursements:						
Instruction	2,427,388	-	2,427,388	2,485,741	2,485,741	58,353
Support services	943,020	-	943,020	1,213,561	1,213,561	270,541
Non-instructional programs	-	133,028	133,028	135,949	135,949	2,921
Other expenditures	462,457	-	462,457	494,038	494,038	31,581
Total disbursements	3,832,865	133,028	3,965,893	4,329,289	4,329,289	363,396
Excess (deficiency) of receipts over (under) disbursements	84,653	(4,976)	79,677	(283,632)	(283,632)	363,309
Other financing sources (uses)	3,485	-	3,485	-	-	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	88,138	(4,976)	83,162	(283,632)	(283,632)	363,309
Balance beginning of year	558,754	3,374	562,128	464,270	464,270	3,347,565
Balance end of year	646,892	(1,602)	645,290	180,638	180,638	3,710,874

See accompanying independent auditor's report.

NORA SPRINGS-ROCK FALLS COMMUNITY SCHOOL DISTRICT

Budgetary Comparison Schedule - Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2004

	Governmental Fund Type		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	3,917,518	23,105	3,940,623
Expenditures	3,832,865	9,549	3,842,414
Net	84,653	13,556	98,209
Other financing sources (uses)	3,485	-	3,485
Beginning fund balances	558,754	(308,062)	250,692
Ending fund balances	646,892	(294,506)	352,386

	Proprietary Fund Type		
	Enterprise		
	Cash Basis	Accrual Adjustments	Accrual Basis
Revenues	128,052	14,271	142,323
Expenditures	133,028	11,257	144,285
Net	(4,976)	3,014	(1,962)
Beginning fund balances	3,374	(1,151)	2,223
Ending fund balances	(1,602)	1,863	261

See accompanying independent auditor's report.

NORA SPRINGS-ROCK FALLS COMMUNITY SCHOOL DISTRICT

Notes to Required Supplementary Information - Budgetary Reporting

Year ended June 30, 2004

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds, except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the cash basis. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents functions expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

The District did not exceed the amounts budgeted in any of the functional areas.

Other Supplementary Information

NORA SPRINGS-ROCK FALLS COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet

Nonmajor Special Revenue Funds

June 30, 2004

	Management	Student	Physical Plant and Equipment Levy	Total
	\$	\$	\$	\$
Assets				
Cash and pooled investments	41,416	17,121	3,452	61,989
Property tax receivable:				
Current year	765	-	1,167	1,932
Succeeding year	300,000	-	159,560	459,560
Total assets	<u>342,181</u>	<u>17,121</u>	<u>164,179</u>	<u>523,481</u>
Liabilities and Fund Equity				
Liabilities:				
Deferred revenue:				
Succeeding year property tax	300,000	-	159,560	459,560
Fund equity:				
Unreserved fund balances	<u>42,181</u>	<u>17,121</u>	<u>4,619</u>	<u>63,921</u>
Total liabilities and fund equity	<u>342,181</u>	<u>17,121</u>	<u>164,179</u>	<u>523,481</u>

See accompanying independent auditor's report.

NORA SPRINGS-ROCK FALLS COMMUNITY SCHOOL DISTRICT

Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances

Nonmajor Special Revenue Funds

Year ended June 30, 2004

	Management	Student Activity	Physical Plant and Equipment Levy	Total
	\$	\$	\$	\$
Revenues:				
Local sources:				
Local tax	59,400	-	95,467	154,867
Other	616	70,367	3,402	74,385
State sources	55	-	85	140
Total revenues	<u>60,071</u>	<u>70,367</u>	<u>98,954</u>	<u>229,392</u>
Expenditures:				
Instruction:				
Co-curricular instruction	-	78,209	-	78,209
Support services:				
Instructional staff support	405	-	-	405
Plant operation and maintenance	44,885	-	-	44,885
Other expenditures:				
Facilities acquisition and construction	-	-	31,314	31,314
Total expenditures	<u>45,290</u>	<u>78,209</u>	<u>31,314</u>	<u>154,813</u>
Excess (deficiency) of revenues over (under) expenditures	<u>14,781</u>	<u>(7,842)</u>	<u>67,640</u>	<u>74,579</u>
Other financing (uses):				
Operating transfers out	-	-	(74,275)	(74,275)
Total operating financing (uses)	<u>-</u>	<u>-</u>	<u>(74,275)</u>	<u>(74,275)</u>
Excess (deficiency) of revenues over (under) expenditures and other financing uses	14,781	(7,842)	(6,635)	304
Fund balances beginning of year	<u>27,400</u>	<u>24,963</u>	<u>11,254</u>	<u>63,617</u>
Fund balances end of year	<u><u>42,181</u></u>	<u><u>17,121</u></u>	<u><u>4,619</u></u>	<u><u>63,921</u></u>

See accompanying independent auditor's report.

NORA SPRINGS-ROCK FALLS COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2004

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
	\$	\$	\$	\$
Athletics	-	7,103	7,103	-
Basketball	4,535	4,005	7,770	770
Golf	5	2,316	2,316	5
Track	5	5,043	5,043	5
Football	1,414	5,829	6,580	663
Baseball	466	4,398	4,664	200
Wrestling	295	6,453	6,743	5
Volleyball	104	3,094	3,193	5
Softball	975	2,452	3,047	380
Pepsi Fund	3,679	(2,527)	1,152	-
Yearbook	72	8,004	7,702	374
Drama Jox	26	1,157	925	258
Student Council	994	13,297	13,069	1,222
Class of 2004	615	186	801	-
Class of 2005	1,762	237	1,614	385
Class of 2006	1,940	16	43	1,913
Class of 2007	3,114	30	58	3,086
Class of 2008	1,678	5,146	3,713	3,111
Class of 2009	-	1,394	93	1,301
Class Composite Picture	171	119	11	279
Students Jump for Heart	1,143	6	-	1,149
Drama	1,314	2,499	2,469	1,344
Vocal Fund Raising	387	5	-	392
Band Fund Raising	269	105	100	274
Grand total	24,963	70,367	78,209	17,121

See accompanying independent auditor's report.

NORA SPRINGS-ROCK FALLS COMMUNITY SCHOOL DISTRICT

Comparison of Taxes and Intergovernmental Revenues

	Years ended June 30,			
	2004	2003	2002	2001
	\$	\$	\$	\$
Local sources:				
Local tax:				
Property tax	1,480,964	1,459,337	1,313,618	1,255,554
Local option sales tax	195,894	-	-	-
Mobile home tax	3,221	3,605	3,278	2,695
	<u>1,680,079</u>	<u>1,462,942</u>	<u>1,316,896</u>	<u>1,258,249</u>
State sources:				
State foundation aid	1,408,709	1,518,424	1,534,995	1,572,956
School Improvement and Technology	-	-	9,567	28,888
AEA flow through	125,753	135,602	137,134	141,640
Instructional support	18,158	20,153	22,626	25,743
Educational Excellence Program:				
Phase I	26,837	27,673	27,673	28,365
Phase II	34,535	36,477	38,241	39,380
Phase III	-	9,024	21,853	21,941
Non-public transportation aid	3,367	5,650	3,404	2,883
Vocational education aid	1,334	2,770	1,891	1,938
Iowa Early Intervention Block Grant	28,038	25,158	31,272	19,285
Revenue in lieu of taxes - military credit	1,368	1,448	1,425	1,412
Evaluator training	1,000	2,000	-	-
Teacher mentoring program	5,200	3,900	2,600	-
Teacher quality/salary improvement	35,669	31,906	32,089	-
	<u>1,689,968</u>	<u>1,820,185</u>	<u>1,864,770</u>	<u>1,884,431</u>
Federal sources:				
Title I Grants to Local Education Agencies	43,779	41,630	34,539	50,575
Class Size Reduction	-	-	8,747	-
Improving Teacher Quality - Grants to States	12,817	14,494	-	-
Innovative Education Program Strategies	2,037	2,317	3,264	-
Tech Prep	-	-	-	-
Safe and Drug Free Schools - States Grant	-	3,740	2,497	-
Special Education - Grants to states	17,128	12,101	6,152	-
Technology Literacy Challenge Fund Grant	-	-	28,511	-
Fire and Safety Grant	-	-	-	25,000
Rural Education Achievement Program	39,922	36,314	-	-
Grants for Assessments and Related Activities	2,262	2,295	-	-
	<u>117,945</u>	<u>112,891</u>	<u>83,710</u>	<u>75,575</u>
Total	<u>3,487,992</u>	<u>3,396,018</u>	<u>3,265,376</u>	<u>3,218,255</u>

**Independent Auditor's Report on Compliance and
on Internal Control over Financial Reporting**

To the Board of Education of the
Nora Springs-Rock Falls Community School District:

We have audited the financial statements of the Nora Springs-Rock Falls Community School District, Iowa, as of and for the year ended June 30, 2004, and have issued our report thereon dated August 2, 2004. We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Nora Springs-Rock Falls Community School District's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2004 are based exclusively on knowledge obtained from procedures performed during our audit of the general purpose financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Nora Springs-Rock Falls Community School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Nora Springs-Rock Falls Community School District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in Part I of the accompanying Schedule of Findings and Questioned Costs.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we believe item 04-I-A is a material weakness. Prior year reportable conditions have all been resolved except for item 04-I-A.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Nora Springs-Rock Falls Community School District and other parties to whom Nora Springs-Rock Falls Community School District may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Nora Springs-Rock Falls Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

BRUCE D. FRINK
Certified Public Accountant

August 2, 2004

NORA SPRINGS-ROCK FALLS COMMUNITY SCHOOL DISTRICT

Schedule of Findings

Year ended June 30, 2004

Part I: Findings Related to the General Purpose Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

REPORTABLE CONDITIONS:

04-I-A SEGREGATION OF DUTIES

Comment - During our review of the internal control structure, the existing procedures are evaluated in order to determine that incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and therefore maximizes the accuracy of the District's financial statements. We noted that one individual has custody of receipts and performs all record-keeping and reconciling functions for the office.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However, the District should review the operating procedures of the office to obtain the maximum internal control possible under the circumstances.

Response - We will review procedures and investigate available alternatives.

Conclusion - Response acknowledged.

04-I-B NON-CONTRACT PAYMENTS

Comment - We noted that payments to employees for non-contract services were not included in payroll. According to the Department of Management and the Internal Revenue Service, all services provided to the District by employees are subject to Social Security tax and applicable income tax withholding.

Recommendation - We recommend that the District include all such payments in payroll.

Response - We will comply with the recommendation.

Conclusion - Response accepted.

Part II: Other Findings Related to Required Statutory Reporting:

04-II-A Official Depositories - Official depositories have been approved by the District. The maximum deposit amounts approved were not exceeded during the year ended June 30, 2004.

04-II-B Certified Budget - Disbursements for the year ended June 30, 2004, exceeded the amended certified budget amounts in the other expenditures function.

Recommendation - The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response - Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded.

Conclusion - Response accepted.

NORA SPRINGS-ROCK FALLS COMMUNITY SCHOOL DISTRICT

Schedule of Findings

Year ended June 30, 2004

Part II: Other Findings Related to Required Statutory Reporting:
(continued) :

- 04-II-C Questionable Disbursements - We noted no disbursements that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- 04-II-D Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- 04-II-E Business Transactions - No business transactions between the District and District officials or employees were noted.
- 04-II-F Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- 04-II-G Board Minutes - We noted no transactions requiring Board approval which had not been approved by the Board.
- 04-II-H Deposits and Investments - We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.
- 04-II-I Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.
- 04-II-J Certified Enrollment - We noted no variances in the basic enrollment data certified to the Department of Education.

